

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**Tax-Exempt Bond Project**

**December 8, 2021**

Whittier HHH, located at 3554 Whittier Boulevard in Los Angeles, requested and is being recommended for a reservation of \$1,431,625 in annual federal tax credits and \$5,230,050 in total state tax credits to finance the new construction of 63 units of housing serving special needs tenants with rents affordable to households earning 30% of area median income (AMI). The project will be developed by Mercy Housing California and will be located in Senate District 24 and Assembly District 53.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the NPLH program of HCD.

**Project Number** CA-21-766

**Project Name** Whittier HHH  
**Site Address:** 3554 Whittier Boulevard  
Los Angeles, CA 90023 County: Los Angeles  
**Census Tract:** 2049.10

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$1,431,625	\$5,230,050
Recommended:	\$1,431,625	\$5,230,050

\* The applicant made an election to sell (Certificate) all or any portion of the state credits.

**Applicant Information**

**Applicant:** Mercy Housing California 100, LP  
**Contact:** Erika Villablanca  
**Address:** 1500 S Grand Ave. Suite 100  
Los Angeles, CA 90015  
**Phone:** 213-743-5826  
**Email:** evillablanca@mercyhousing.org

**General Partner(s) or Principal Owner(s):** Mercy Housing California 100 LLC  
**General Partner Type:** Nonprofit  
**Parent Company(ies):** Mercy Housing Calwest  
**Developer:** Mercy Housing California  
**Bond Issuer:** HCIDLA Tax-Exempt Bond Unit  
**Investor/Consultant:** California Housing Partnership  
**Management Agent:** Mercy Housing Management Company

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 64  
 No. / % of Low Income Units: 63 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers  
 (63 Units -100%)

**Information**

Housing Type: Special Needs  
 Geographic Area: City of Los Angeles  
 TCAC Project Analyst: Dylan Hervey

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 63	100%

**Unit Mix**

63 SRO/Studio Units
<u>1 2-Bedroom Units</u>
64 Total Units

<u>Unit Type &amp; Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
63 SRO/Studio	30%	\$621
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$2,676,644
Construction Costs	\$18,540,100
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,887,323
Soft Cost Contingency	\$155,380
Relocation	\$0
Architectural/Engineering	\$885,074
Const. Interest, Perm. Financing	\$1,785,427
Legal Fees	\$195,000
Reserves	\$778,840
Other Costs	\$1,528,241
Developer Fee	\$3,591,032
Commercial Costs	\$0
<b>Total</b>	<b><u>\$32,023,061</u></b>

**Residential**

Construction Cost Per Square Foot:	\$450
Per Unit Cost:	\$500,360
True Cash Per Unit Cost*:	\$483,313

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citi Community Capital Tax-Exempt	\$16,347,000	Citi Community Capital	\$1,673,000
LACDA - NPLH	\$4,274,900	LACDA - NPLH	\$4,340,000
LACDA - AHTF	\$1,970,000	LACDA - AHTF	\$2,000,000
HICDLA HHH	\$4,051,916	HICDLA HHH	\$6,125,000
Deferred Developer Fee	\$1,091,032	Deferred Developer Fee	\$1,091,032
Costs Deferred Until Conversion	\$2,769,580	Tax Credit Equity	\$16,794,029
Tax Credit Equity	\$1,518,633	<b>TOTAL</b>	<b>\$32,023,061</b>

\*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$27,531,242
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$35,790,615
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,431,625
Total State Credit:	\$5,230,050
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,591,032
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.88082
State Tax Credit Factor:	\$0.80000

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

**Significant Information / Additional Conditions:** None.

**Resyndication and Resyndication Transfer Event:** None.

**Standard Conditions**

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

### **CDLAC Additional Conditions**

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.